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PROGRAMME PLANNING

COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

# EXTENSION OF THE FOURTH COUNTRY PROGRAMME FOR ARGENTINA

Note by the Administrator

## I. JUSTIFICATION

1. The fourth country programme for Argentina (DP/CP/ARG/4) was initially approved for a period of three years (1987-1989). In August 1988, the government authorities officially requested an extension of the fourth programme to 31 December 1990, so that the next programme could be worked out during 1990 with the new Administration which would be installed as a result of the elections of May 1989.

2. The new authorities took office in July 1989, and on 22 December 1989, officially confirmed the request for an extension which had been made by the previous Administration in 1988. The extension was approved by the United Nations Development Programme (UNDP) Governing Council at its thirty-seventh session (decision 90/33 of 20 June 1990).

3. The difficulties arising from the grave economic and social crisis, which had led to two successive changes in the country's senior economic advisers between July and December 1989, delayed the start of preparations for the fifth country programme, which should have been finalized during 1990 with a view to its adoption and entry into force in 1991.

4. In order to enable the new technical cooperation priorities for the period 1992-1996 to be defined, the Government made a further official request for the extension of the country programme to the end of 1991.

5. The Government's priorities for 1991 are fully consistent with the objectives of this programme. In addition, the main ongoing operations will continue and are scheduled to be finalized in 1992. Delays in the payment of cost-sharing contributions have necessitated the reprogramming of activities which will be extended to the following year.

## II. OBJECTIVES

6. During the year of the extension, the objectives of the fourth country programme, as defined at the time of approval of the programme, will be maintained. They are as follows:

(a) To promote economic growth and increased productivity in the agricultural, livestock, industrial and infrastructure sectors, and increase exports;

(b) To improve managerial capacity in key areas of the public sector;

(c) To promote the development of technology and its integration into the productive sectors;

(d) To support the planning and implementation of policies for dealing with the social emergency;

(e) To promote cooperation among developing countries.

7. These objectives are closely related to the technical cooperation priorities established by the current national authorities; they include rationalizing public administration and reducing public expenditures; eradicating extreme poverty; introducing changes in the production system; preserving the environment; and fostering closer relationships between Argentina and the rest of the world, particularly neighbouring countries.

## III. PROGRAMME DESCRIPTION

8. Described below are the activities which will be continued in the coming year and, in particular, those which will be initiated, in each of the areas covered by the country programme.

### A. Objective I - Economic growth

9. The following projects in the agricultural sector will be continued: Integrated development of the Río Salado basin (ARG/84/007); Generation and transfer of technology to increase agricultural production (ARG/85/002); Paraná Medio (ARG/85/003); Planning and management of national parks (ARG/85/012); Agricultural and forestry development in the Río Bermejo area (ARG/85/017); Tax reform in the agricultural sector (ARG/85/019); Planning and

institutional support of the National Forestry Institute (ARG/86/004); Training in agricultural planning and rural development (ARG/86/021); and National Grain Board (ARG/86/019).

10. In the area of infrastructure, the activities of project ARG/86/029 (Port of Bahía Blanca) will continue to support the administration of a loan from the World Bank for the purpose of rehabilitating and modernizing grain storage and handling facilities at Puerto Ingeniero White and the introduction of institutional improvements at other national ports. In 1991, an institution-building component focusing on the Ports Authority and the National Department of Harbour Facilities and Waterways will also be included.

11. With respect to external trade, preparatory assistance for the elaboration of a project to strengthen the managerial capacity of the Ministry of Foreign Affairs and Worship in the area of export promotion is at an advanced stage of negotiation.

## B. Objective II - Management capacity of the public sector

12. In the context of this objective, further efforts will be made to increase the efficiency and effectiveness of the public sector through:

(a) Modernization of management tools to improve the formulation of policies for the allocation of resources, technological development, trade, etc.; introduction of computers and studies on the production of management tools;

(b) Implementation of policies on international economic relations to increase the benefits to be gained from trade, foreign investment and the financing and transfer of technology;

(c) Strengthening of systems for the planning and coordination of public policies;

(d) Strengthening of the capacity for the formulation and management of projects for which external financing is available;

(e) Development of human resources for management.

13. In the context of this objective and in relation to the Ministry of Economic Affairs, the Management Services Agreement (ARG/86/R01) on strengthening the capacity of the public sector in the different economic sectors will, in 1991, complete the execution of the technical cooperation loan from the World Bank in the amount of $US 18.5 million, initiated in 1985. Also financed by the World Bank will be the continuation in 1991 of project ARG/88/008, Programme to strengthen the Department of Taxation, aimed at formulating and executing a programme to prevent tax evasion, to ensure observance of legislation in force and to broaden the tax base and increase

tax receipts. There are also plans to broaden project ARG/90/006, Programme on sanitation and economic development in Argentina's provinces, currently being implemented with resources from the World Bank's Project Preparation Facility. This project is intended to complete the preparation of a programme to reform the fiscal relations between the central authorities and the provinces, to help reduce the deficit in the public sector and to strengthen capacity in the provinces to accumulate savings that can be used for development-related investments. Finally, in the context of a World Bank loan for public enterprises, a Management Services Agreement has been signed for the execution of a subcontract in the area of labour strategy, and the formulation of a project on the technical assistance component of that loan is at an advanced stage of negotiation.

14. Also in the area of economics, the Argentine Government has decided to reinstate the Coordinating Office for External Financing, which was established under project ARG/86/006 and which will be reactivated in the coming months.

15. The introduction of computers to improve public management will continue with the execution of projects ARG/86/026 (Computer-based systems at the Ministry of Foreign Affairs and Worship), ARG/89/003 (Integrated information management system for the main scientific and technological policy-making bodies) and ARG/88/009 (Computerization of the transport sector).

16. In particular, through project ARG/86/026, a series of computer systems has been developed and set up, and 500 diplomats and civil servants have received training. The system will be broadened in the next phase, incorporating about 70 additional offices, improvements in the systems already in place and the development of new systems for budgetary administration.

17. Of particular interest among the new activities to be developed in the computer sector in 1991 is project ARG/90/008 (National electoral system), which aims at introducing new computer-based procedures and systems to make electoral operations more efficient and economical. The Ministry of the Interior will also receive support in its computerization efforts, similar to that provided to the Ministry of Foreign Affairs and Worship, but on a smaller scale.

18. Action to establish a national system of technical cooperation will continue through project ARG/89/014 (Institutionalization and strengthening of the national system of international cooperation), initiated in 1990, and project ARG/87/014 (Centre for International Economics).

19. Within the sphere of the Ministry of Public Works and Services, activities that are under way in the areas of transport, public works, sanitation and drinking water will be continued. The projects concerned include Studies on transport planning (ARG/86/027); Studies on policy-making and programme design in the field of transport (ARG/89/015); Centre for Technological Studies for Public Works (ARG/87/028); and Master plan for sanitation and drinking water (ARG/86/002).

20. Under the same Ministry, a project (ARG/90/003) will be initiated on strengthening the Subsecretariat of Energy Planning, and particularly the institutional capacity for organizing and rationalizing the sector, which are covered by the technical cooperation component of the sectoral loan from the World Bank, for which the project will provide special support. It is hoped that this project will help solve the current energy crisis and meet the training requirements of the Subsecretariat.

21. A particularly notable initiative under this objective is project ARG/89/013, Strengthening of public management, approved on 22 February 1990 and financed with resources from the Management Development Programme. This project is aimed at setting up a legal and administrative regime for the executive and professional staff of the central Government. Moreover, the actions initiated with the local government of the City of Buenos Aires in support of its Administrative Decentralization Programme will continue under project ARG/90/005.

## C. Objective III - Technological development

22. The promotion of scientific development and its incorporation into the productive sectors will be supported by projects ARG/86/028 - Construction and entry into operation of the Chascomús Institute of Technology - and ARG/90/002 - Airworthiness. Both projects will enable the Government to maintain a reserve of personnel who are qualified in specific areas, and in particular, in the case of the second project, in the certification of aeronautical equipment and parts in order to ensure compliance with the bilateral agreement concluded with the United States of America in July 1989.

23. In the industrial sector, a new phase of support is planned during 1991 for the research and development programme of the Bahía Blanca petrochemical complex, which is designed to strengthen scientific and technological cooperation with Latin American countries, to assist small and medium-sized enterprises and to prevent environmental hazards.

24. Lastly, project ARG/90/001 - EMPRETEC, which is designed to train entrepreneurs in small and medium-sized industries, will also be executed during 1991.

## D. Objective IV - Addressing the social crisis

25. The formulation and implementation of policies to address the social crisis will have the support of projects already under way and of some new initiatives that have been taken which will contribute to the definition of a comprehensive social policy strategy.

26. In the housing sector, activities will continue under the following projects: ARG/85/010 (Comprehensive urban development programme); ARG/86/023 and ARG/86/033 (Support for the Subsecretariat of Housing); and ARG/86/033,

the objectives of which are to support the Government in the utilization of a loan from the Inter-American Development Bank (IDB) and two loans from the World Bank, respectively. In addition, project ARG/89/001 (Municipal development programme for Neuquén province) will continue to support the Government with resources from the World Bank loan, project ARG/86/033 having contributed to the formulation of this project.

27. Project ARG/86/003 in the health sector will continue to support the functioning of the unit responsible for administering the IDB loan for the construction of 11 hospitals in provincial capitals, and project ARG/87/002 will contribute, in conjunction with the Ministry of Education and Justice, to the coordination and administration of an IDB loan for the expansion and improvement of agricultural technical training.

28. In addition, activities will continue under project ARG/88/005 (National technical assistance programme for the administration of social services), financed with funds from a World Bank technical assistance loan. Its objective is to improve substantially the efficiency and quality of the social services provided and to refocus those services on the neediest population sectors.

29. A project will soon be initiated, also with World Bank financing, for the purpose of developing a programme to address the social crisis and to carry out preparatory activities for its entry into operation.

30. New activities include projects ARG/90/007 (Implementation of the National Employment Act), which will also focus specifically on issues such as unemployment insurance, a national employment fund and a single registration system, and ARG/90/004 (Urban development programme for Buenos Aires), which provides for the planning of specific activities in four key areas, including environmental problems in the coastal region, the siting of productive activities in the areas of La Boca and Barracas, and the preservation of the urban heritage in the San Telmo area.

### E. Objective V - Technical cooperation among developing countries

31. In the context of this objective, a new project, which is at an advanced stage of preparation, will build on the results achieved by project ARG/83/001 as a basis for enhancing the process of technical cooperation and links between Argentina and other developing countries, especially in Latin America. The new project will promote the activities relating to the Paraguay-Paraná waterway, the implementation of regional and subregional integration programmes, the execution of pilot projects relating to the integration of border areas and the promotion of local development, and ties between small and medium-sized enterprises in Latin America.

## IV. RECOMMENDATION BY THE ADMINISTRATOR

32. The Administrator recommends that the Governing Council approve the second extension of the fourth country programme for Argentina.

Annex

FINANCIAL SUMMARY

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|---|---|---|---|
| I. | EFFECTIVE RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING | | |
| | A. UNDP-administered sources | $US | |
| | Third cycle IPF loan | (604 000) | |
| | Fourth cycle IPF | 11 819 000 | |
| | Subtotal, IPF | | 11 215 000 |
| | Special programme resources (MDP) | 780 000 | |
| | Government cost-sharing | 67 109 785 | |
| | Third-party cost-sharing | 49 804 837 | |
| | Operational funds under the authority of the Administrator | - | |
| | UNDP special trust funds | - | |
| | Subtotal, UNDP non-IPF funds | | 128 909 622 |
| | B. Other funds | | |
| | Funds from other United Nations agencies or bodies firmly committed as a result of the country programming exercise | - | |
| | Parallel financing from non-United Nations sources a/ | 26 500 000 | |
| | Subtotal, other sources | | 26 500 000 |
| | TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING | | 155 409 622 |
| II. | USE OF RESOURCES | | |
| | Ongoing projects | 148 759 472 | |
| | New project proposals | 6 650 150 | |
| | Programmed reserve | - | |
| | Subtotal, programmed resources | | 155 409 622 |
| | Unprogrammed reserve | | - |
| | TOTAL USE OF RESOURCES | | 155 409 622 |

a/ Consisting mainly of funds provided by World Bank loans to the Government which have been channelled to the UNDP programme.

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